

**Investment Consulting RFP
Evaluation Committee Meeting Minutes
June 14, 2007**

Introduction:

Seven responses were received to RFP#07-1481D for Investment Consulting Services for the State 457 deferred compensation and 401(a) defined contribution retirement plans. The seven offerors were:

- 1) Mercer Investment Consulting, Inc.
- 2) RV Kuhns and Associates
- 3) Arnerich, Massena & Associates
- 4) Fiduciary Consultants, Inc.
- 5) Callan Associates
- 6) Sageview Advisory Group
- 7) Wilshire Consulting Group

Mercer Investment Consulting, Inc.'s proposal contained exceptions to the State's standard contract language. After discussion and clarification with the State Procurement Bureau, Mercer withdrew their proposal as they could not change their exceptions.

Minutes:

The RFP Evaluation Committee (the Committee) met on Thursday, June 14, 2007 at 1:00 p.m. to score the remaining six responses. The Committee consisted of:

- Public Employees' Retirement Board members Jay Klawon and John Paull;
- Employee Investment Advisory Council members Bob Bugni and Ed Dawes; and
- MPERA staff Melanie Symons and Kathy Samson.

The Committee determined to score by consensus. Scoring began with two initial pass/fail criteria. The RFP required each offeror to provide:

- **4.1.1 References:** The offeror shall provide no more than four (4) references, preferably public sector plans or accounts that have used services of the type proposed in this RFP within the last three (3) years, and
- **4.1.2 Offeror Financial Stability:** The offeror must provide: (1) financial statements, preferably audited, for the three (3) consecutive years immediately preceding the issuance of this RFP and (2) copies of any quarterly financial statements that have been prepared since the end of the most recent annual report.

Two offerors, Arnerich, Massena & Associates and Fiduciary Consultants, Inc. did not provide financial statements, citing confidentiality and being privately held as the primary reasons.

The RFP further stated:

- The **References and Financial Stability** portion of the offer will be evaluated on a pass/fail basis, with any offeror receiving a "fail" eliminated from further

consideration. **References** passing the initial pass/fail basis will then be included in the point scoring...

The Committee first discussed whether they had the ability and discretion to proceed with scoring these offerors even though the required financial statements were not provided. The Committee determined to “fail” these two offerors in compliance with the above section of the RFP. The remaining offerors had complied with the requirement; both the requirement and the consequence were clearly stated in the RFP.

The Committee proceeded with the consensus scoring on the written responses for the remaining four offerors. Significant items of discussion which resulted in better (or lesser) scores for the offerors included:

- whether the offeror had a stated or written “Code of Conduct, Ethics or Policies” established to ensure fully independent review, analysis and recommendations;
- staffing – individual or team approaches, staff experience and depth;
- resources available to review and interview managers;
- approach to the annual review and analysis;
- if new information was brought forward or innovative approaches to determining total return to participants or participant understanding;
- creativity, innovation and ease of understanding the reports.

Points for costs proposals were awarded as set forth in the RFP.

Final scoring resulted in the top three scoring offerors being:

- Callan Associates
- Sageview Advisory Group and
- Wilshire Consulting Group.

The Committee noted that RV Kuhns passed the initial reference requirement as they did provide reference organizations and names. However, they received 0 points under the scoring for references because they did not request their references to return the “reference questionnaire”. Instead they indicated they would provide the questionnaire if they were selected as a finalist. Without questionnaires to score, the Committee could not assign points.

The Committee informed State Procurement of these results and requested they ask these offerors to present to the Employee Investment Advisory Council on June 21, 2007. The meeting adjourned at approximately 6:30 p.m.